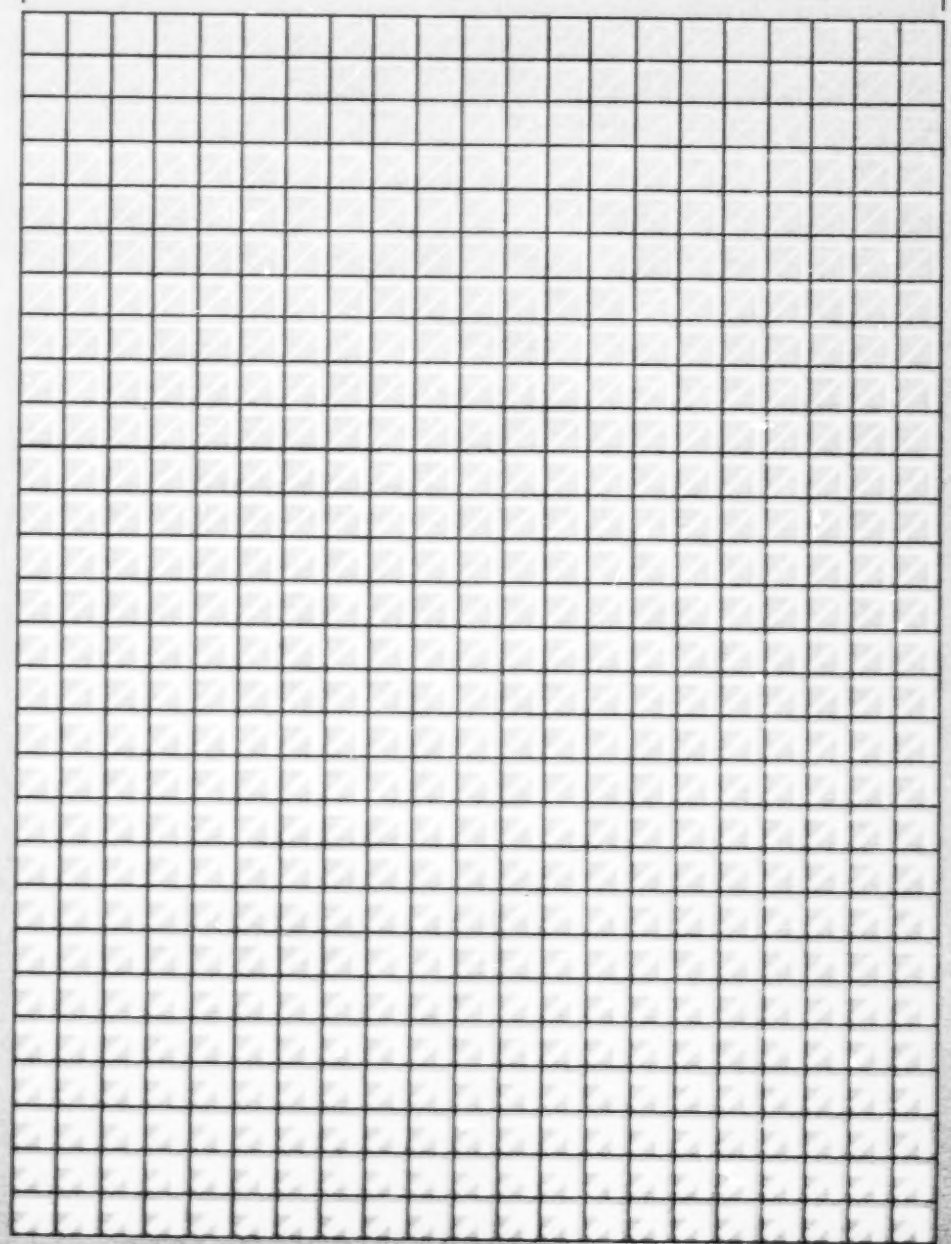
Small Business Development Corporation

Annual Report

For the year ended March 31, 1989



Department of Small Business Development

Nova Scotia

Chairman's Report

91-06615/

Small Business
Development Corportion

Nova Scotia

Department of
Small Business
Development

Small Business
Development Corporation

Suite 940
Metropolitan Place
99 Wyse Road
Dartmouth, Nova Scotia
B3A 1L9

902 424-4620
Fax 902 424-0507

October 23, 1989

The Honourable Ken Streatch
Minister of Small Business Development
Province of Nova Scotia
Halifax, Nova Scotia

Dear Mr. Minister:

I wish to present, on behalf of the Board of Directors of the Small Business Development Corporation, our Audited Financial Statements for the fiscal year ended March 31, 1989.

During this period, the Board has approved financial assistance of $6.4 million which assisted one hundred (100) small business projects throughout the Province that had a total cost of approximately $11 million. This is an increase over the previous year, and I am pleased to report that the trend, which is reflective of an increased requirement for our services, has continued into the current fiscal year.

I would like to record my appreciation and thanks to former Directors Ms. Cindy Jensen, Mr. Horace MacPherson and, in particular, Mr. Stuart Hickey who served as Chairman of the Cape Breton Regional Board as well as being a member of the Executive Committee. I wish to congratulate Mr. Frank Bettens on his appointment to succeed Mr. Hickey as Chairman of the Cape Breton Regional Board.

Finally, I extend my sincere thanks to current Members, Officers and Staff of the Corporation for their valuable assistance during the year.

Respectfully submitted,

Robert P. Dexter
Chairman

c.c.: Mr. Harold W. Clarke
Executive Director

Board of Directors

Small Business Development Corportion

"There is hereby established a body corporate to be known as the Small Business Development Corporation. The Corporation may, subject to the regulations, render to small business financial assistance, or such other assistance as may be determined by the regulations, which in the opinion of the Board will encourage, sustain, improve or develop small business in the Province." (Small Business Development Act)

The Small Business Development Corporation reports to the Legislature through:

The Minister of Department of Small Business Development
The Hon. Ken Streatch
Province of Nova Scotia

Board

Robert P. Dexter	**Chairman**
	Board Executive Committee

Frank Bettens
Edward B. Chase
Harold W. Clarke
Robert P. Dexter
Ora P. Harkins
J. Patrick O'Neil
D. Roy Publicover
Wilma Stewart
Elaine Surette

Administration

Harold W. Clarke	**Executive Director**
Dennis G. Holland	**Assistant Director and Secretary**
Margaret Howie	**Legal Counsel**

Board of Directors — Regional Boards

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Regional Boards

CAPE BRETON

Frank Bettens, CHAIRMAN
Sue Forrester
Jon Lawrence
Daniel Macaulay
Sharon Salter
John Terry
Norman MacLean
Secretary: Ross Kennedy

VALLEY

Edward B. Chase, CHAIRMAN
Claude M. Cook
Brian W. Cummings
Robert L. Hall
Aileen Keddy
John Logan
Parker Regan
Freda Stephens
Secretary: Dennis Holland

NORTHEASTERN

D. Roy Publicover, CHAIRMAN
Jack B. Boyd
Frank D. Elliott
Earl MacIntosh
Carol Mosher
Raymond A. Ross
Darrell M. Rushton
Ann Wren
Secretary: Reg Smith

CENTRAL

Ora P. Harkins, CHAIRMAN
Morton Kelly
Douglas Mullenger
Harald Norve
Vern Paul
Robert Scott
Secretary: Harold Clarke

SOUTHWESTERN

Elaine Surette, CHAIRPERSON
Frank Anderson
Gloria Hutchinson
Paul LeBlanc
Heather Veniotte
Rene Wearing
David Irvine
Secretary: Harold Clarke

Auditors Report

Small Business Development Fund

Nova Scotia

Auditor General

PO Box 793
Halifax, Nova Scotia
B3J 2V2

AUDITOR'S REPORT

To the Chairman and Members of the Board of the
Small Business Development Corporation; and

To the Minister of Small Business Development

I have examined the balance sheet of the Small Business Development Corporation as at March 31, 1989 and the statement of continuity of fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Small Business Development Corporation as at March 31, 1989 and the continuity of the fund for the year then ended, in accordance with the accounting policies set out in Note 2 of the financial statements, applied on a basis consistent with that of the preceding year.

O.P. Cormier

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
May 10, 1989

Small Business Development Corportion

Department of Small Business Development
Province of Nova Scotia

Balance Sheet

As at March 31, 1989

Small Business Development Fund

Assets

	1989	1988
Loans receivable (Note 3)	$17,818,293	$18,028,760
Due from Consolidated Fund		
Loans authorized but unadvanced	2,203,282	1,515,346
Guarantees (Note 4)	1,095,000	1,552,146
Free balance	8,332,464	9,614,691
	11,630,746	12,682,183
	$29,449,039	**$30,710,943**

Fund Balance

Small Business Development Fund	$32,448,318	$32,945,942
Less: Allowance for doubtful accounts	2,999,279	2,234,999
	$29,449,039	**$30,710,943**

Approved on Behalf of the Board

Small Business Development Corportion

Chairman

Department of Small Business Development
Province of Nova Scotia

Member

Statement of Continuity of Fund

For the year ended March 31, 1989

Small Business Development Fund

	1989	1988
Balance, beginning of year	$32,945,942	$33,327,360
Less: Accounts written off	497,624	381,418
Balance, end of year	$32,448,318	$32,945,942
Comprising:		
Loans advanced and guarantees in effect	$21,720,374	21,244,433
Loans authorized but unadvanced and guarantees not in effect	2,395,480	2,086,818
Free balance	8,332,464	9,614,691
	$32,448,318	$32,945,942

Small Business Development Corportion

Department of Small Business Development
Province of Nova Scotia

Notes of Financial Statements

Small Business Development Fund

1. Authority

The Small Business Development Fund was established pursuant to the Small Business Development Act. The purpose of the Fund is to finance the activities of the Small Business Development Corporation.

The objective of the Corporation is to promote the economic well-being of the Province by rendering financial assistance to small business.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the following policies.

Administrative Expenses, Interest Revenue and Expense

Administrative expenses of the Board and the differential between capital advance interest charges from the Department of Finance and the interest revenues earned on loans are included in the expenditures of the Department of Small Business Development.

These amounts are not reflected in the attached financial statements, nor is accrued loan interest receivable.

Notes to Financial Statements

Small Business Development Fund

3. Loans Receivable

	1989	1988
Loans receivable	$18,266,900	$18,136,573
Foreclosed assets and properties held for sale	1,237,395	1,547,774
Deficiency balances	1,068,277	484,058
	20,572,572	20,168,405
Less: Allowance for doubtful accounts	2,754,279	2,139,645
	$17,818,293	$18,028,760

4. Guarantees

	1989	1988
Guarantees in effect	$ 1,147,802	$ 1,076,028
Guarantees not in effect	192,198	571,472
	1,340,000	1,647,500
Less: Allowance for guarantees likely to be honoured	245,000	95,354
	$ 1,095,000	$ 1,552,146

Small Business Development Corportion

Small Business
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Authorization by Industry Sector

Sector		1989 %	1989 Amount	1988 %	1988 Amount
Manufacturing	Metal Fabrication& Machinery	6	$423,000	7	$340,400
	Wood. Plastic& Concrete	4	265,700	8	428,600
	Textiles	—	20,000	2	80,000
	Food (including Fish Processing)	3	179,000	2	90,000
	Electronics	4	248,000	2	125,000
	Marine Related	—	—	3	182,000
	Printing & Related	1	38,000	5	265,000
	Miscellaneous	1	75,000	2	95,000
	Sub Total	**19**	**$1,248,700**	**31**	**$1,606.000**
Services	Motels Restaurants and Tourism Related	22	$1,422,000	23	$1,210,000
	Transportation	6	350,500	8	426,000
	Leisure and Recreation	3	168,000	3	131,000
	Business and Personal	6	394,500	9	483,000
	Agriculture and Forestry	2	108,000	3	145,000
	Construction	13	827,000	4	219,000
	Miscellaneous	2	157,000	2	112,500
	Sub Total	**54**	**$3,427,000**	**52**	**$2,726,500**
Trade	Retail & Wholesale Sub Total	**27**	**$1,697,000**	**17**	**$885,500**
Total Authorizations		**100**	**$6,372,700**	**100**	**$5,218,000**

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Applications and Authorizations		1989 #	1989 Amount	1988 #	1988 Amount
Total Applications Processed		155	$11,035,282	140	$9,085,162
	Average Amount		$71,195		$64,894
	Applications Authorized	100	$6,372,700	91	$5,218,000
	% of Total	64%	58%	65%	57%
	Applications Declined	26	$1,894,096	21	$1,894,230
	% of Total	17%	17%	15%	21%
	Applications Withdrawn	29	$2,768,486	28	$1,972,932
	% of Total	19%	25%	20%	22%

Purpose of Authorizations	%	Amount	%	Amount
To Establish a New Business	21	$1,312,500	24	$1,239,000
To Expand an Existing Business	75	$4,801,200	75	$3,925,000
Other Miscellaneous Purposes	4	$259,000	1	$54,000

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Distribution of Authorization by Size		1989 #	1989 %	1988 #	1988 %
$0 to	$25,000	40	40	29	32
$25,000 to	$50,000	24	24	27	30
$50,000 to	$100,000	19	19	22	24
$100,000 to	$250,000	17	17	13	14
	Total	**100**	**100**	**91**	**100**

Distribution of Authorizations by Project and Source		1989 %	1989 Amount	1988 %	1988 Amount
Project Cost	Land and Buildings	48	$5,312,864	56	$4,571,921
	Machinery and Vehicles	40	4,347,051	30	2,452,675
	Working Capital	11	1,180,679	13	1,090,085
	Miscellaneous	1	153,000	1	123,002
	Total	**100**	**$10,993,594**	**100**	**$8,237,683**
Financing	SBDC Loan	55	6,077,700	57	4,708,000
	SBDC Guarantee	3	295,000	6	510,000
	New Equity Investment	14	1,482,488	14	1,155,585
	Govt. Grants	13	1,420,996	11	875,478
	Other Lenders	9	1,040,200	8	656,664
	Working Capital	6	677,210	4	331,956
	Total	**100**	**$10,993,594**	**100**	**$8,237,683**

Small Business
Development Corportion

Head Office

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Metropolitan Place
99 Wyse Road
Dartmouth, Nova Scotia
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902-424-4920

IN CO-ORDINATION WITH

Nova Scotia Department of Small Business Development Small Business Service Centres

Cape Breton	563-2070 Facsimile: 563-0500	1st Floor, Commerce Tower, 15 Dorchester St., **Sydney**, B1P 5Y9
Strait of Canso	625-3200 Facsimile: 625-3226	302 Philpott St., P.O. Box 219, **Port Hawkesbury**, B0E 2V0
Northeastern	893-1595	640 Prince St., **Truro** B2N 1G4
	752-1011	115 MacLean St., P.O. Box 1021 **New Glasgow**, B2H 5N8
	667-3223	Amherst Industrial Park, P.O. Box 458 **Amherst**, B4H 4A1
Central	424-5690	Suite 950, Metropolitan Place, 99 Wyse Road, **Dartmouth**, B3A 1L9
Valley	678-3386 Facsimile: 678-0104	Annapolis Valley Industrial Park Mall P.O. Box 524, **Kentville**, B4N 3X3
Southwestern	742-8404	13 First Street, **Yarmouth**, B5A 1S9
	543-9121	Provincial Bldg., 99 High St., **Bridgewater**, B4V 1V8
General	424-6660	Joseph Howe Bldg., Suite 700 1690 Hollis St., **Halifax**, B3J 3J9

Department of Small Business Development
Province of Nova Scotia